

**SUPERIOR COURT
CENTRAL REGISTRY
FOR THE SIX MONTHS ENDED DECEMBER 31, 2002 AND
FOR THE FISCAL YEAR ENDED JUNE 30 2002**

**DEPARTMENT OF ADMINISTRATION
BUREAU OF AUDITS
ONE CAPITOL HILL
PROVIDENCE, RI 02908-5889**



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
BUREAU OF AUDITS
One Capitol Hill
Providence, R.I. 02908-5889
TEL #: (401) 222-2768
FAX #: (401) 222-3973

SUPERIOR COURT
CENTRAL REGISTRY
FOR THE SIX MONTHS ENDED DECEMBER 31, 2002 AND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

EXECUTIVE SUMMARY

Our prior audit report, issued April 1999, contained nine recommendations of which only one has been implemented thru the date of this report.

Internal Control Weaknesses:

- There is no formal accounting system in place.
- A cash register is not used to control and account for counter collections.
- The present system does not produce an accounts receivable aging report to monitor defendant payments.
- The system does not generate an accounts payable report to victims.
- Voided checks are not removed from the outstanding check listing.
- Interest earned is not recorded in the financial records and is not posted to the passbook accounts each month.

Noncompliance With RIGL:

- Interest earned is not transferred to the Violent Crime Indemnity Fund as required by RIGL 12-19-34 (2).
- Victim accounts which are dated should be escheated in accordance with RIGL 8-12-2.

- RIGL 12-19-34 (2) should be amended to delete reference to the “violent crime indemnity fund” and add the requirement that interest be remitted to the General Treasurer.
- Interest earned in the checking and savings accounts, which total \$88,125.47 and \$3,501.32, respectively, were not remitted to the General Treasurer.

Operations:

- Accounts receivable for court-ordered restitution payments are not aged to evaluate payment compliance.
- Cases on a “hold “status are not reviewed annually to resolve outstanding issues and to clear up stale account balances.
- Victim accounts should be reviewed annually; accounts that have been inactive but have undistributed balances should be purged by issuing a check to clear the account balance.
- Defendant accounts receivable have increased since our last audit by \$17,540,176.65 (112 %) since June 30, 1998. One case was \$12 million at December 31, 2002 the balance was \$33,101,874.05.
- A legal opinion should be sought to determine the status of defendants that have ended their probation but still have an outstanding balance owed to victims.

SUPERIOR COURT
CENTRAL REGISTRY
FOR THE SIX MONTHS ENDED DECEMBER 31, 2002 AND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	i
LETTER OF TRANSMITTAL	1
INTRODUCTION	
Objectives, Scope, and Methodology	2
Background	3
FINANCIAL STATEMENTS	
Auditors' Report	4
Statements of Cash Receipts and Disbursements	5
Note to Statement of Cash Receipts and Disbursements	6
FINDINGS AND RECOMMENDATIONS	
Introduction	7
Status of Prior Audit Recommendations	8
Current Year Findings and Recommendations:	
Accounting System and Controls	10
Interest Earned	11
Cash Disbursements	12
Checking Account Balance	14
Accounts Receivable	14
Policies and Procedure Manual	15
MANAGEMENT'S RESPONSE TO FINDINGS AND RECOMMENDATIONS	16



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
BUREAU OF AUDITS
One Capitol Hill
Providence, R.I. 02908-5889
TEL #: (401) 222-2768
FAX #: (401) 222-3973

October 23, 2003

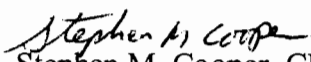
Honorable Joseph F. Rogers, Jr.
Presiding Justice of the Superior Court
250 Benefit Street
Providence, RI 02903

Dear Judge Rogers:

We have completed an audit of the Superior Court – Central Registry for the six months ended December 31, 2002 and for the fiscal year ended June 30, 2002. The findings and recommendations included herein have been discussed with management and we have considered their comments in the preparation of the report. Management's response to our recommendations is included in this report.

In accordance with Section 35-7-4 of the General Laws, we will review the status of the department's corrective action plan within six months from the issue date of this report.

Sincerely,


Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits

SMC:pp

SUPERIOR COURT
CENTRAL REGISTRY
FOR THE SIX MONTHS ENDED DECEMBER 31, 2002 AND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

INTRODUCTION

Objectives, Scope, and Methodology

The scope of our audits was to test the cash transactions for the six months ended December 31, 2002 and for the fiscal year ended June 30, 2002. Our objectives were to determine whether:

- The Central Registry complied with applicable laws and established rules and regulations;
- The accounting system used is adequate and the procedures followed are efficient and effective;
- Restitution collected from defendants was properly accounted for and disbursements to victims was performed in a timely manner;
- Cash received and disbursed was properly accounted for within the financial accounts and records maintained;
- Controls are in place to sufficiently safeguard and protect assets; and
- System-generated reports provide management with appropriate information and communications to monitor and evaluate operations.

Our audits were made in accordance with the *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors and included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances.

The findings and recommendations included in this report were based upon our:

- Evaluation of tests for compliance with applicable state laws, rules and regulations, and policies and procedures.
- Interviews with registry personnel; and
- Audit tests and analytical procedure applied to data provided.

Background

The Central Registry was created in December 1973 and became operational in July 1974 to serve as a central accounting office for the collection and disbursement of court-ordered restitution to victims for property damage or loss in criminal cases. Assessments against defendants originate in the Superior, District, and Family Courts that deal with Probation and Parole.



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
BUREAU OF AUDITS
One Capitol Hill
Providence, R.I. 02908-5889
TEL #: (401) 222-2768
FAX #: (401) 222-3973

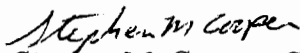
Honorable Joseph F. Rogers, Jr.
Presiding Justice of the Superior Court
State of Rhode Island

We have audited the accompanying Statements of Cash Receipts and Disbursements of the Superior Court – Central Registry for the six months ended December 31, 2002 and for the fiscal year ended June 30, 2002. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the *Standards for the Professional Practice of Internal Auditing*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in the Accompanying Note, the statements of cash receipts and disbursements are summaries of the cash activity and do not present transactions that would be included on the accrual basis of accounting, as contemplated by generally accepted accounting principles. Accordingly, the accompanying statements are not intended to present the financial position or results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements of the Superior Court – Central Registry for the six months ended December 31, 2002 and for the fiscal year ended June 30, 2002, on the basis of accounting described in the accompanying Note.


Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits
February 20, 2003

SMC:pp

SUPERIOR COURT
CENTRAL REGISTRY
STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2002 AND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	<u>SIX MONTHS ENDED DECEMBER 31, 2002</u>			<u>FISCAL YEAR ENDED JUNE 30, 2002</u>		
<u>Cash Receipts</u>	<u>Checking Account</u>	<u>Savings Account</u>	<u>Total Memo Only</u>	<u>Checking Account</u>	<u>Savings Account</u>	<u>Total Memo Only</u>
Defendant Payments	\$ 800,112.21	-	800,112.21	2,045,411.70	-	2,045,411.70
Interest Earned	4,118.42	138.23	4,256.65	10,238.45	346.00	10,584.45
Voided Checks Not Reissued	11.41	-	11.41	-	-	-
Voided Checks Reissued	-	-	-	71,494.94	-	71,494.94
Adjustments	-	-	-	(99.00)	-	(99.00)
Total Cash Receipts	<u>804,242.04</u>	<u>138.23</u>	<u>804,380.27</u>	<u>2,127,046.09</u>	<u>346.00</u>	<u>2,127,392.09</u>
<u>Cash Disbursements</u>						
Payment to Victims	869,253.01	-	869,253.01	1,707,931.39	-	1,707,931.39
Voided Checks Reissued	-	-	-	71,494.94	-	71,494.94
Total Cash Disbursements	<u>869,253.01</u>	<u>0.00</u>	<u>869,253.01</u>	<u>1,779,426.33</u>	<u>0.00</u>	<u>1,779,426.33</u>
Excess (Deficiency) of Cash Receipts Over Cash Disbursements	(65,010.97)	138.23	(64,872.74)	347,619.76	346.00	347,965.76
Beginning Cash Balance	<u>739,958.95</u>	<u>37,225.21</u>	<u>777,184.16</u>	<u>392,339.19</u>	<u>36,879.21</u>	<u>429,218.40</u>
Ending Cash Balance	\$ <u>674,947.98</u>	<u>37,363.44</u>	<u>712,311.42</u>	<u>739,958.95</u>	<u>37,225.21</u>	<u>777,184.16</u>

See accompanying note to statements of cash receipts and disbursements.

SUPERIOR COURT
CENTRAL REGISTRY
FOR THE SIX MONTHS ENDED DECEMBER 31, 2002 AND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE TO STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

Note 1 – Significant Accounting Policies

The accounts of the Superior Court – Central Registry are organized on the basis of funds, each of which is considered to be a separate entity. Only the Agency Funds of the Central Registry are presented in the accompanying financial statements.

Basis of Accounting

The accompanying financial statements have been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized.

Agency Fund

This fund is used to account for the assets held by the Central Registry as an agent for individuals, private organizations, the general treasurer and/or other funds.

Interest

The Central Registry is required to deposit interest earned into the Violent Crime Indemnity Fund in accordance with Section 12-19-34 (2) of the Rhode Island General Laws. Prior to this law, all interest earned was retained by the Registry.

SUPERIOR COURT
CENTRAL REGISTRY
FOR THE SIX MONTHS ENDED DECEMBER 31, 2002 AND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

FINDINGS AND RECOMMENDATIONS

Introduction

Internal Control encompasses all the steps and actions developed by management to ensure efficient and effective organizational operations and includes all the methods used to safeguard assets, to promote accuracy and reliability of the organization's accounting data and records, to encourage compliance with all policies and procedures prescribed by management, and to promote the operational efficiency of the organization.

To assist management in understanding the structure of an internal control system, a brief description and explanation of each of the internal control elements is provided:

- **Control Environment** – represents management's commitment to control and includes such factors as management's philosophy and operating style, organizational structure, assignment of authority and responsibility, and human resource policies and practices.
- **Risk Assessment** – involves the policies and procedures management uses to identify and manage the risk that the financial statements might be misstated. Risk assessment deals with how management makes sure that all transactions are reflected at the correct amounts.
- **Control Activities** – are policies and procedures put in place to make sure that management's directives are carried out and pertain to performance reviews, information processing, physical controls, and segregation of duties.
- **Information and Communication** – consists of the accounting system, including methods and records to record, summarize, process, and report events and transactions; maintaining accountability for assets, liabilities, and equity; and includes the methods for providing and understanding of individual rules and responsibilities pertaining to internal control.
- **Monitoring** – is a process to assess the quality of internal control performance. It involves assessing the design and operation of controls over time and taking corrective action when necessary.

SUPERIOR COURT
CENTRAL REGISTRY
FOR THE SIX MONTHS ENDED DECEMBER 31, 2002 AND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

STATUS OF PRIOR AUDIT RECOMMENDATIONS

Accounting System and Control

1. Implement a double entry accounting system.

Did not comply. See current year recommendation 1.

2. Install a cash register to process collections.

Did not comply. See current year recommendation 2.

3. Review the accounts receivable aging report monthly to monitor individuals for compliance with their obligations to make court-ordered restitution payments.

Did not comply. See current year recommendation 3.

4. Generate an accounts payable report to review the activity posted to victim accounts and to reconcile general ledger postings.

Did not comply. See current year recommendation 4.

5. Remit all interest earned to the "violent crime indemnity fund" as required by RIGL 12-19-34 (2).

Did not comply. See current year recommendations 6 and 7.

6. Have interest posted to the passbook savings account on a monthly basis and record all interest (savings and checking) in the accounting records.

Did not comply. See current year recommendation 8.

Payments for Victim Restitution

7. In addition to the \$100 threshold established for making payments to victims, the Court should consider reviewing all accounts annually and all available cash should be disbursed to victims.

Did not comply. See current year recommendation 10.

8. Cases that are on a “hold” status should be reviewed periodically to resolve outstanding issues and to clear up stale account balances.

Did not comply. See current year recommendation 9.

Expired Probation

9. Seek a legal remedy or an administrative policy to violate defendants prior to the expiration of their probation.

Implemented.

SUPERIOR COURT
CENTRAL REGISTRY
FOR THE SIX MONTHS ENDED DECEMBER 31, 2002 AND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Accounting System and Controls

As part of our audit, we reviewed the Central Registry's internal controls and identified those areas listed below as weaknesses that must be addressed by management. It is management's responsibility to establish, maintain, and monitor policies and procedures to effectively safeguard assets that are in its custody. As such, this responsibility cannot be over emphasized if management expects to fulfill its fiduciary and statutory obligations in a responsible manner.

Our audit identified the following weaknesses:

- The present accounting system does not utilize double entry accounting (e.g., a general ledger and formal books of original entry), is archaic, lacks management reporting capabilities, and does not permit management to effectively monitor operations.
- A cash register is not used to control and account for counter collections.
- The current program is not configured to produce a subsidiary accounts receivable aging report to monitor the progress made by defendants that have been ordered to make victim restitution payments.
- The current program is not configured to generate a subsidiary accounts payable report to victims.
- Checks that are voided are not removed from the outstanding check listing, resulting in a misstatement of cash.

Recommendations

1. Replace the present accounting system, which is outdated, with a double entry system.

Management's Response: Accepted

Recommendations – (Cont'd)

2. Install a cash register to process and record counter collections (cash and checks) received and to generate a receipt that is to be provided to the person making payment.

Management's Response: Accepted

3. Modify the current program to establish an accounts receivable aging report to monitor the progress of court-ordered payments by defendants.

Management's Response: Accepted

4. Modify the current program to establish an accounts payable report to monitor funds held by the registry that are due victims.

Management's Response: Accepted

5. Voided checks should be immediately removed from the outstanding check listing to avoid misstatement and to permit bank balances to be properly reconciled.

Management's Response: Accepted

Interest Earned

Interest earned by the registry's bank accounts is not recorded in the present accounting system. Consequently, the balance of undistributed cash in defendant and victim accounts does not agree with the combined checking and savings account balance. RIGL 12-19-34 (2) states, "...Any interest which has been accrued by the restitution account in the central registry shall be deposited on a regular basis into the violent crime indemnity fund, established by Chapter 25 of this title."

Upon inquiry and additional research, we found that only one transfer of interest, which totaled \$3,772.02, has ever been made to the General Treasurer, as required by statute. We also noted that the violent crime indemnity fund no longer exists. As a result, we have concluded that the interest earned and credited to the registry's bank accounts should be transferred to the General Treasurer as unrestricted revenue, and that RIGL 12-19-34 (2) should be amended to delete reference to the "violent crime indemnity fund."

Recommendations

6. Immediately issue a check to the General Treasurer for the cumulative interest on deposit in the checking and savings accounts, which total \$88,125.47 and \$3,501.32, respectively, and record the resulting transaction in the registry's accounts.

Management's Response: Accepted

Recommendations – (Cont'd)

7. Court administrator should amend RIGL 12-19-34 (2) to delete reference to the “violent crime indemnity fund” and add the requirement that interest be remitted to the General Treasurer.

Management's Response: Accepted

Cash Disbursements

Each month the system analyzes defendant account balances to identify those accounts that have a balance on deposit of \$100 or more. This \$100 is the threshold or trigger for determining which victims will receive a payment. From the analysis performed, a printout is generated and provided to the central registry (each month) that lists the names of victims that are to receive a payment; the one exception to this process is for those accounts that are identified as being on a “hold” status. Accounts on a “hold” status are credited with their pro-rata share of defendant funds, however no checks are issued to victims until the “hold” status is released.

As part of our audit, we performed an analysis of the “Funds Available For Disbursement” (a listing of defendant account balances) report at December 31, 2002, which produced the following summary data:

<u>TOTAL ALL DEFENDANTS</u>			<u>INDICATOR “D”</u>			<u>INDICATOR “H”</u>		
<u>DOLLAR</u>	<u>FUNDS</u>	<u>#</u>	<u>DOLLAR</u>	<u>FUNDS</u>	<u>#</u>	<u>DOLLAR</u>	<u>FUNDS</u>	<u>#</u>
<u>STRATA</u>	<u>AVAILABLE</u>	<u>CASES</u>	<u>STRATA</u>	<u>AVAILABLE</u>	<u>CASES</u>	<u>STRATA</u>	<u>AVAILABLE</u>	<u>CASES</u>
< 100	\$ 84,936.03	1,955	< 100	\$ 80,735.87	1,842	< 100	\$ 4,200.16	113
100 - 200	53,082.02	412	100 - 200	44,148.91	346	100 - 200	8,933.11	66
200 - 300	43,814.57	187	200 - 300	35,890.66	153	200 - 300	7,923.91	34
300 - 400	37,696.41	114	300 - 400	29,894.33	91	300 - 400	7,802.08	23
400 - 500	31,615.25	73	400 - 500	29,441.89	68	400 - 500	2,173.36	5
500 - 600	29,986.24	57	500 - 600	25,800.75	49	500 - 600	4,185.49	8
600 - 700	15,856.16	25	600 - 700	13,313.68	21	600 - 700	2,542.48	4
700 - 800	13,883.75	19	700 - 800	12,433.75	17	700 - 800	1,450.00	2
800 - 900	16,807.71	20	800 - 900	14,215.40	17	800 - 900	2,592.31	3
900 - 1000	18,211.47	19	900 - 1000	17,286.47	18	900 - 1000	925.00	1
1000 - 1100	9,157.40	9	1000 - 1100	6,037.50	6	1000 - 1100	3,119.90	3
1100 - 1200	10,257.51	9	1100 - 1200	5,702.62	5	1100 - 1200	4,554.89	4
1200 - 1300	7,461.49	6	1200 - 1300	4,991.49	4	1200 - 1300	2,470.00	2
1300 - 1400	8,058.12	6	1300 - 1400	6,737.99	5	1300 - 1400	1,320.13	1
1400 - 1500	10,122.12	7	1400 - 1500	10,122.12	7	1400 - 1500	-	0
1500 - 1600	10,802.23	7	1500 - 1600	6,220.66	4	1500 - 1600	4,581.57	3
1600 - 1700	11,513.76	7	1600 - 1700	8,226.76	5	1600 - 1700	3,287.00	2
1700 - 1800	8,706.60	5	1700 - 1800	6,967.26	4	1700 - 1800	1,739.34	1
1800 - 1900	9,126.51	5	1800 - 1900	7,326.51	4	1800 - 1900	1,800.00	1
1900 - 2000	9,752.35	5	1900 - 2000	7,817.35	4	1900 - 2000	1,935.00	1
> 2000	\$ 180,245.81	31	> 2000	\$ 88,073.23	21	> 2000	\$ 92,172.58	10
	<u>\$ 621,093.51</u>	<u>2,978</u>		<u>\$ 461,385.20</u>	<u>2,691</u>		<u>\$ 159,708.31</u>	<u>287</u>
%	<u>100%</u>	<u>100%</u>	%	<u>74.3%</u>	<u>90.4%</u>	%	<u>25.7%</u>	<u>9.6%</u>

Indicator “D” = Disburse Indicator “H” = Hold

As can be seen above, defendant cases that are on "hold" account for 9.6 percent of all cases, but represent 25.7 percent of all defendant dollars on deposit. The percentage of dollars to cases appears to be disproportionately high compared to cases that are not on "hold." As a result, funds on deposit in these accounts are not available for payments to victims; further many of these accounts may be dated and should be escheated to the State General Treasurer. Research regarding these accounts needs to be performed by registry personnel to free up funds or to transfer these monies to the state general treasurer.

At December 31, 2002, we also performed an aging analysis of defendant accounts by date of last disbursement, and by court, which yielded the following data:

<u>AGE (DAYS)</u>	<u>AGE (YRS)</u>	<u>DEFENDANT FUNDS PAID</u>	<u># CASES</u>
0-365	0-1	\$ 89,761.53	716
366-730	1-2	95,771.33	159
731-1095	2-3	33,502.44	173
1096-1460	3-4	57,103.50	215
1461-1825	4-5	42,674.41	213
1826-2190	5-6	76,735.61	261
2191-2555	6-7	57,209.31	248
2556-2920	7-8	49,838.72	155
2921-3285	8-9	5,989.96	55
3286-3650	9-10	17,291.61	199
>= 3651	10+	95,215.09	584
Totals		<u>\$ 621,093.51</u>	<u>2,978</u>

<u>COURT</u>	<u>DEFENDANT FUNDS PAID</u>	<u># CASES</u>	<u>AVG DAYS</u>
1 ST	\$ 288.75	10	3,523
2 ND	14,194.75	134	2,481
3 RD	33,366.42	293	2,543
4 TH	9,990.48	123	3,016
5 TH	9,710.10	59	4,180
6 TH	48,801.53	432	2,295
7 TH	3,044.68	36	3,869
8 TH	6,036.99	35	3,710
JUV	34,103.30	390	3,153
KSC	73,910.01	256	2,609
NSC	23,427.18	94	2,136
PSC	329,213.13	987	2,336
WSC	35,006.19	129	2,414
Totals	<u>\$ 621,093.51</u>	<u>2,978</u>	<u>2,030</u>

Clearly, the above data delineates the enormity of this situation and further emphasizes the need to clean up defendant accounts. Over 50 percent of these accounts should be escheated.

Recommendations

8. All cases on "hold" status should be reviewed at least annually in an effort to free up monies that are frozen in these accounts.

Management's Response: Accepted

9. Victim accounts should be reviewed annually. Those that are found to have undistributed balances, but have been inactive for one or more years, should have their balances purged by issuing a check to clear out the balance in the account.

Management's Response: Accepted

10. All accounts that are dated should be identified and disposed of in accordance with the provisions contained in RIGL 8-12-2, "Conditional Escheat of Unclaimed Funds in Court Registries."

Management's Response: Accepted

Checking Account Balance

The combined cash balance in the checking and savings accounts at 12/31/02 was \$712,311.42, while the total cash identified to defendant accounts was \$621,093.51, a difference of \$91,217.91. Because we were unable to obtain a printout from the judicial information technology center that provides victim account balances, we were unable to narrow down the variance. We believe it is crucial to fund integrity to identify and resolve the cause(s) for this discrepancy.

Recommendations

11. Central Registry personnel should obtain from the judicial information technology center a printout that provides victim account balances.

Management's Response: Accepted

12. Reconcile the checking account balance to the internal records maintained for victims and defendants.

Management's Response: Accepted

Accounts Receivable

At December 31, 2002, the accounts receivable balance for defendants was \$33,101,874.05, an increase of \$17,540,176.65 (112.7%) since June 30, 1998; however, one case added was for \$12 million. During this same period the number of open accounts increased from 8,950 to approximately 10,600. And, there are approximately 1,000 open accounts where the probation period has already ended. Because these defendants have ended their probation, it could not be determined whether unpaid restitution could still be collected from these defendants.

Each day Registry personnel receive a computer-generated accounts receivable report that includes the defendant's name, case number, balance due, and the date that the last payment was received. Although this report does not contain a total, one is provided separately from the accounts receivable report.

Because the present accounting system is outdated and lacks functionality, it is not presently possible to reconcile account receivable balances to control totals, nor is it possible to produce an aging report that will provide the data needed to adequately monitor defendant payments. The system presently provides only a listing of cases that have no activity beyond 30 and 90 days. This information is used to identify delinquent defendants so that they can be called into court.

Recommendations

13. Develop aging criteria for defendant accounts that will produce a meaningful report that will effectively assist in managing defendant receivables.

Management's Response: Accepted

Recommendations – (Cont'd)

14. Seek a legal opinion to determine the status of defendants that have ended their probation but still have outstanding balances owed to victims. If it is determined that unpaid restitution is no longer owed, remove the accounts in question from the system.

Management's Response: Accepted

Policies and Procedures Manual

Superior Court does not have a policies and procedures manual in place. The use of a policies and procedures manual would provide administrators, supervisors, and employees with a systematic approach to the implementation of policies, plans, and work routines. Further, a properly developed manual would convey management's philosophies, improve communications, improve productivity, reduce training time, and strengthen overall operations.

Policies incorporated in the manual should provide the guidance needed to make informed decisions within the framework of the central registry's objectives, goals, and management philosophies while procedures would provide an established way to do things (a series of steps to be followed in a definite regular order to ensure a consistent and repetitive approach to actions).

The following steps should be considered prior to writing the manual:

- Select appropriate personnel and provide them with the authority and the responsibility for preparing specific sections of the manual and designate an employee to be ultimately responsible for the manual's oversight.
- Determine the areas you want the manual to cover.
- Outline and reference your major sources of information.
- Develop a standard format for communicating the policy and procedure statements and ensure they are written with clarity.
- Establish a distribution list.

Recommendation

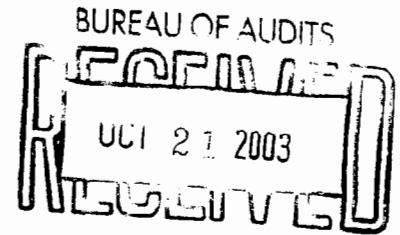
15. Establish a policies and procedures manual for the Superior Court that incorporates the Central Registry's operations.

Management's Response: Accepted



Superior Court of Rhode Island
Providence

JOSEPH F. RODGERS, JR.
PRESIDING JUSTICE



October 20, 2003

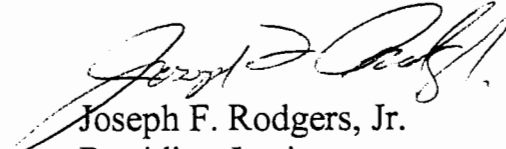
Mr. Stephen M. Cooper
Chief, Bureau of Audits
Department of Administration
One Capitol Hill
Providence, RI 02908

Dear Mr. Cooper:

In accordance with the Rhode Island General Laws, Sections 35-7-3 and 35-7-4, the enclosed is the Response to the Audit of the Superior Court Central Registry Account.

Should you require anything further, please contact Joseph V. Conley at 222-3215.

Very truly yours,



Joseph F. Rodgers, Jr.
Presiding Justice

JFR:bjl
Enclosure

**SUPERIOR COURT OF RHODE ISLAND
CENTRAL REGISTRY ACCOUNT**

All responses and plans to implement recommendations are contingent upon availability of funds and personnel.

RECOMMENDATIONS AND RESPONSES

Recommendation 1: Replace the present accounting system, which is outdated, with a double entry system.

Response: Accepted.

Recommendation 1: We believe that this will come into compliance when a new computer system is in place. We have begun this process with the Judicial Technology Center through their Director, Tracy Williams, and are presently working on the funding and operational requirements needed for this project.

Recommendation 2: Install a cash register to process and record counter collections (cash and checks) received and to generate a receipt that is to be provided to the person making payment.

Response: Accepted.

Recommendation 2: We believe that this will come into compliance when a new computer system is in place. We have begun this process with the Judicial Technology Center through their Director, Tracy Williams, and are presently working on the funding and operational requirements needed for this project.

Recommendation 3: Modify the current program to establish an accounts receivable aging report to monitor the progress of court-ordered payments by defendants.

Response: Accepted

Recommendation 3: We believe that this will come into compliance when a new computer system is in place. We have begun this process with the Judicial Technology Center through their Director, Tracy Williams, and are presently working on the funding and operational requirements needed for this project.

Recommendation 4: Modify the current program to establish an account payable report to monitor funds held by the registry that are due victims.

Response: Accepted.

Recommendation 4: We believe that this will come into compliance when a new computer system is in place. We have begun this process with the Judicial Technology Center through their Director, Tracy Williams, and are presently working on the funding and operational requirements needed for this project.

Recommendation 5: Voided checks should be immediately removed from the outstanding check listing to avoid misstatement and to permit balances to be properly reconciled.

Response: Accepted.

Recommendation 5 has been implemented and steps have been taken to establish a monthly procedure.

Recommendation 6: Immediately issue a check to the General Treasurer for the interest on deposit in the checking and saving accounts, which total \$88,125.47 and \$3,501.32, respectively, and record the resulting transaction in the registry's accounts.

Response: Accepted.

Recommendation 6 - \$88,125.47 was forwarded to the General Treasurer on 01/14/2003. The \$3,501.32 will be forward to General Treasurer shortly.

Recommendation 7: Court administrators should amend RIGL 12-19-34 (2) to delete reference to the "violent crime indemnity fund" and add the requirement that interest be remitted to the General Treasurer.

Response: Accepted.

Recommendation 7: These issues have been referred to Susan L. Revens, Administrator/Magistrate for review.

Recommendation 8: All cases on "hold" status should be reviewed at least annually in an effort to free up monies that are frozen in these accounts.

Response: Accepted.

Recommendation 8: We will forward criteria to Mr. Zompa at RIJTC so that we will have the proper resource to comply annually.

Recommendation 9: Victim accounts should be reviewed annually. Those that are found to have undistributed balances, but have been inactive for one or more years, should have their balances purged by issuing a check to clear out the balance in the account.

Response: Accepted.

Recommendation 9-We believe that this will come into compliance when a new compute system is in place. We have begun this process with the Judicial Technology Center through their Director, Tracy Williams, and are presently working on the funding and operational requirements needed for this project.

Recommendation 10: All accounts that are dated should be identified and disposed of in accordance with the provisions contained in RIGL 8-12-2, "Conditional Escheat of Unclaimed Funds in Court Registries."

Response: Accepted.

Recommendation 10: We are forwarding funds after review on a monthly basis.

Recommendation 11: Central Registry personnel should obtain from the judicial information technology center a printout that provides victim account balances.

Response: Accepted.

Recommendation 11: This report is being prepared for the Central Registry on a monthly basis.

Recommendation 12: Reconcile the checking account balance to the internal records maintained for victims and defendants.

Response: Accepted.

Recommendation 12: We believe that this area will come into compliance when a new computer system is in place. We have begun this process with the Judicial Technology Center through their Director, Tracy Williams, and are presently working on the funding and operational requirements needed for this project.

Recommendation 13: Develop aging criteria for defendant accounts that will produce a meaningful report that will effectively assist in managing defendant receivables.

Response: Accepted.

Recommendation 13: *We believe that this area will come into compliance when a new computer system is in place. We have begun this process with the Judicial Technology Center through their Director, Tracy Williams, and are presently working on the funding and operational requirements needed for this project.*

Recommendation 14: Seek a legal opinion to determine the status of defendants that have ended their probation but still have outstanding balances owed to victims. If it is determined that unpaid restitution is no longer owed, remove the accounts in question from the system.

Response: Accepted.

Recommendation 14: *These issues have been referred to Susan L. Reven, Adm./Magistrate for review.*

Recommendation 15: Establish a policies and procedure manual for the Superior Court that incorporates the Central Registry's operations.

Response: Accepted

Recommendation 15: *We believe that this area will come into compliance when a new computer system is in place. We have begun this process with the Judicial Technology Center through their Director, Tracy Williams, and are presently working on the funding and operational requirements needed for this project.*